

# Indiana House of Representatives

## News and Information

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### **CRAWFORD: REVENUE SHORTFALLS RAISE NEW BUDGET CONCERNS**

INDIANAPOLIS – Recent announcements that state revenues are lagging behind estimates throw the biennial state budget plan advocated by Indiana House Republicans even more out of balance and increase the risk of cuts in school funding and increases in property taxes, according to State Rep. William Crawford (D-Indianapolis).

Crawford, who acts as ranking Democrat on the House Ways and Means Committee, said today that Thursday's announcement from the State Budget Agency that collected revenues are \$91.5 million below forecast makes it more likely that the House Republican budget contained in House Bill 1001 will not be balanced and will require more cuts in funding, as well as force local tax increases.

House Bill 1001, passed by House Republicans in February, is now being considered in the Indiana Senate.

"All of us who feared the dire consequences of this budget in the version that passed out of the House have even greater cause to worry now that revenues are not meeting expectations," Crawford said. "With revenue numbers down, I do not see how the house of cards that is House Bill 1001 can stand on its own."

Crawford listed several trouble spots in House Bill 1001.

"Although overall tuition support is increased by less than 1 percent statewide, that minimal increase is directed to a select few schools, with many urban and rural schools receiving devastating cuts in funding," Crawford said. "The elimination of the minimum guarantee in funding will result in 152 school corporations receiving a reduction in funding in 2006 and 144 school corporations receiving a reduction in 2007."

Crawford noted that the budget does not fully fund either the tuition support deficiency or textbooks for qualified students. In addition, insufficient funding is provided for ISTEP remediation.

"Higher education operational funding is flat-lined, with no funding for capital improvements or plant expansions and operational costs," Crawford said.

"It is also important to remember that the House Republican budget provides funding increases for Medicaid that are woefully short of the amounts that are forecast," he continued. "The original Medicaid forecast called for a 10 percent increase in funding, but the House Republicans have called for only 3 percent in additional funding. That is a \$420 million gap that will have to be made up at the state's end when the bills come due."

Finally, Crawford said the House Republican budget caps property tax replacement credits, which will translate to \$273 million in lost revenues to local government from 2005 to 2007. That will force local units to make up the losses through local tax increases.

"When this budget passed out of the House in February, we told the world that it would cut education funding and make your property taxes go up," Crawford said. "Now that the first two months of the Daniels administration has seen state revenues go down, the budget crafted by House Republicans can be seen as an even bigger joke, except that the joke is on the people of Indiana, and I don't think they're going to find it very funny."

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